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EASTERN EUROPE: Limited Economic Prospects

East European leaders have ushered in the new year by warning their people that difficult times lie ahead, and apprehensions are likely to increase as US-Soviet relations deteriorate.

East German party chief Honecker appeared to retreat from his commitment to price stability by implying that price increases are coming under the guise of quality improvements. He attributed the inflationary pressure and East Germany's trade deficit with the West to price fluctuations in world markets, and warned that dependence on hard currency exports will increase.

Czechoslovak leaders have cited numerous shortcomings in the economy, assailing in particular alleged managerial incompetence. Official Czech statements imply that the standard of living will do no more than remain level. Hungarian officials warned that continued improvement in the balance of trade will require restrictive policies that may prevent any increase in the standard of living for several years. A previously announced adjustment in consumer prices took effect Monday. Polish leaders have been acknowledging with increasing candor the seriousness of Poland's balance-of-payments disequilibrium, and the virtual certainty that shortages of electric power, meat, and housing will persist for a long time.

Bulgarian officials acknowledged that in 1979 the economy, while performing respectably, fell short of several major goals. They appear to have lowered somewhat their assessment of Bulgaria's economic prospects by reducing 1980/81 targets, but the new goals remain ambitious. In Romania, the Ceausescu regime has implicitly acknowledged that the economy is in difficult straits, primarily as a result of shortages of energy and key raw materials, but has not developed suitable remedies.

The East European leaders probably hope that candid discussion of economic difficulties will reduce popular resentment and perhaps increase the bureaucracy's support for harsh measures. The regimes' task will become even more complicated as deteriorating US-Soviet relations heighten uncertainty over East European access to Western markets, technology, and financing.

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